



Northwest Territories Legislative Assembly

Standing Committee on Accountability and Oversight

Public Meeting on
Bill 15: Liquor Act

June 7, 2007

Chair: Mr. Jackson Lafferty, MLA

STANDING COMMITTEE ON ACCOUNTABILITY AND OVERSIGHT

Chairman

Mr. Bill Braden, MLA, Great Slave, Deputy Chair

Members

Ms. Sandy Lee, MLA, Range Lake
Mr. Michael Miltenberger, MLA, Thebacha
Mr. David Ramsay, MLA, Kam Lake
Mr. Norman Yakeleya, MLA, Sahtu

Witnesses

Mr. Perry Smith
Mrs. Sylvia Siemens

Committee Staff

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Mr. Glen Boyd, Law Clerk
Ms. Colette Langlois, Director of Research
Ms. Regina Pfeifer, Research Analyst

STANDING COMMITTEE ON ACCOUNTABILITY AND OVERSIGHT
Public Meeting on Bill 15: Liquor Act
June 7, 2007
Committee Room "A"
9:11 a.m.

DEPUTY CHAIRMAN (Mr. Braden): Thank you, Mr. Pokiak, and thank you, committee. Good morning. This is the public hearings of the Accountability and Oversight committee, and later on today of the Social Programs committee into four bills now before the Assembly. I would like to start with introductions, for the record, for the Members who are present today and we'll start with Mr. Miltenberger.

MR. MILTENBERGER: Michael Miltenberger, MLA for Thebacha.

MR. YAKELEYA: Good morning. Norman Yakeleya, MLA for Sahtu.

MS. LEE: Good morning. Sandy Lee, MLA for Yellowknife Range Lake.

MR. POKIAK: Good morning. Calvin Pokiak, Nunakput.

MR. RAMSAY: Thank you, Mr. Chairman. David Ramsay, MLA for Kam Lake. I'd like to welcome everybody that's with us here today.

DEPUTY CHAIRMAN (Mr. Braden): Thank you, committee. I'm Bill Braden, the MLA for Great Slave and the deputy chair of the Accountability and Oversight committee. I would like to acknowledge our staff that's here today: Mr. Glen Boyd, our legal counsel; Ms. Regina Pfeifer of our research team; Colette Langlois is our director of research; and Mr. Doug Schauerte is our clerk of committees.

We heard yesterday from Minister Roland as the Minister of Finance and the department responsible for the Liquor Act; a pretty thorough introduction and review of the bill yesterday. Committee also travelled to Behchoko and had a hearing there last night. This morning and again this evening, we're opening the floor to any members of the public from Yellowknife or, of course, anywhere else in the NWT who may wish to speak. So far, we have the following witnesses booked to appear before us: Mr. Perry Smith; Ms. Sylvia Seamans; and Mr. Lorne Power. A half hour has been allotted to each witness, but those can be as brief or hopefully not too much longer than booked. So if anyone is here of course or comes into the hearing or would like to speak, we'll be directing them to Mr. Schauerte to get a place on the list.

Committee is also planning several more public hearings on these bills north and south. We will be splitting into two groups and travelling next week to Fort Smith, Hay River, Jean Marie River, Fort Simpson, Inuvik, Tsiigehtchic, Tulita and Gameti. This is all in preparation of committee's reports which will be brought back to the Assembly during our session in August, and at that time, any amendments or further comments to the

bills will be put forward to Committee of the Whole as we debate and potentially pass these bills.

There are copies of the bills and summaries of them on the back table. Please help yourself to them.

Committee, have any other questions or remarks about what we're going to do this morning?

This afternoon, again I will mention that there are three other bills before us. Those are under the auspice of the Social Programs committee and Ms. Lee will be assuming the chair for those, but I will be chairing for this morning as the Liquor Act is before us and that is under AOC.

So let's get started, committee and guests. Thank you very much for coming this morning. Mr. Perry Smith is our first witness and Mr. Smith has also helped us by a few days ago submitting a letter that outlines his issue and his suggestions to the bill. So, Mr. Smith, if you'd come to the table here. We will be recording all these proceedings for transcripts. We would welcome your opening comments, Mr. Smith, and then our practice is that Members, if they wish to seek any clarification or ask any questions will have that opportunity to do so.

Presentation By Mr. Perry Smith

MR. SMITH: Thank you, Mr. Chairman. I want to keep my comments as brief as possible. I know that time is tight, but the first thing I'd like to do is introduce myself. My name is Perry Smith. I'm 52 years old. I've been a resident of Yellowknife for 40 years now. I came here as a young boy and went to school here. I've studied trades and have been in business for many years. I'm a shareholder of a corporation, 4898 NWT Limited. This corporation was fortunate enough to obtain a contract from the Liquor Commission to the Minister of Finance for an operation of a liquor store here in Yellowknife. We're currently operating a liquor shop located in Stanton Plaza mall across the street from Wal-Mart. This is our sixth year of operation and we're contracted, operating until the year 2012.

Prior to entering this business, basically I had no experience in the liquor business. So basically I was the new kid on the block, not really fully up to speed how the businesses operated here in the Northwest Territories. Being a private retailer, we are buying our stocks from the Yellowknife liquor warehouse, which is operated by the Liquor Commission.

The first couple years, it was just basically watching and learning but by the third year, I started noticing a disturbing trend that happened every year in the month of March, where the stocks at the Yellowknife liquor warehouse would be sold down to an uncomfortably low level to coincide with the March 31st fiscal year of the Liquor Commission.

Starting April 1st, there would be a mad rush to restock the warehouse. Of course, everybody knows that Yellowknife being on the north side of the Mackenzie River, some years subject to the whims of Mother Nature, and the ice bridge would some years leave early, some years leave late. So basically starting April 1st, we would be left without two weeks to restock the liquor warehouse to levels that would allow us a supply of product for three, possible four or five week period of the break-up of the Mackenzie River.

Some years they were successful; other years, not so successful. This particular past year was, I considered, a particularly bad year. Stocks are very low and we're basically sitting, right now as I speak, probably with a one week to 10-day supply in Yellowknife. As the trucks are coming in today, we're basically purchasing the product as fast as product is being brought into Yellowknife. I think it's going to be a tough go really to bring stocks in the warehouse to what I consider a comfortable level.

I'm not really going to go into detail in the letter I submitted to you yesterday. I think the letter is fairly self-explanatory. I sat back, analyzed the situation and, in my view, I believe we have a working capital deficiency with the liquor revolving fund. It's a technical issue and I laid out my views in the simplest way that I could for what I consider a complicated issue, and that's the reason why I put it all down on paper and submitted the letter yesterday.

I'd like to move on and I'd like to move on to...

DEPUTY CHAIRMAN (Mr. Braden): I think maybe, if I could just come in for a moment, did you want to go to any other issues at this point? I'm just wondering if committee might deal with this particular aspect of your presentation right now.

MR. SMITH: Certainly.

DEPUTY CHAIRMAN (Mr. Braden): As you say, the working capital deficiency. Would that be okay, committee, if we sort of cleared this one up and then moved on to some other issues? I think sometimes things can get a bit piled up. I'd like to see if we could deal with them one at a time. Okay, so working capital deficiency. I think by submission of your letter, we were also able to determine that there's the liquor revolving fund, which I think is central to this, and it does have a cap, which is set in legislation, of \$6.5 million.

MR. SMITH: Yes.

DEPUTY CHAIRMAN (Mr. Braden): So perhaps if there's an amendment or an issue to look at, that is potentially where we should be going.

MR. SMITH: As I pointed out in my letter, the cap of \$6.5 million has not been changed for 19 years.

DEPUTY CHAIRMAN (Mr. Braden): Okay. Thank you. I think that gives us a good platform to start with. I've got signals from Mr. Miltenberger, Ms. Lee and Mr. Ramsay. So, Mr. Miltenberger.

MR. MILTENBERGER: Just a clarification, Mr. Chairman. So as year-end approaches and the money runs down, they want to burn off all their last year's stock, and then when the new budget comes in, they buy more?

MR. SMITH: No.

DEPUTY CHAIRMAN (Mr. Braden): Thank you. Just for transcription here, I need to recognize as each speaker comes in. So I'll go to you now, Mr. Smith.

MR. SMITH: No, I believe, in my view, inventories are sold down so they are within the \$6.5 million cap at March 31st. If inventories were not sold down, then it would be exceeding the \$6.5 million cap.

DEPUTY CHAIRMAN (Mr. Braden): Thank you. Anything further, Mr. Miltenberger? Ms. Lee.

MS. LEE: Thank you, Mr. Chairman. I'd like to thank Mr. Smith for being here today and giving us the information that we need to consider. Yesterday when the Minister of Finance was before us and he presented the bill, we had a little bit of discussion and we did raise this revolving fund issue. I just wanted to get more information from you. One was that the department's point seems to be that they've never been informed about there being any problem with the revolving fund in terms of not being able to supply inventory because the money is not sufficient. So I'm just wondering if it's a lack of communication between the commission and the government. I'd like to know if you've raised this issue with the commission and what was their response to your concern. Thank you, Mr. Chairman.

DEPUTY CHAIRMAN (Mr. Braden): Thank you, Ms. Lee. Mr. Smith.

MR. SMITH: No, I have not raised this issue with the commission. My view is I think the commission has done a remarkable job working with his deficiency. I use the word deficiency; others may have another view towards this. I appreciate that they, in my view, may have not recognized that they have an issue here. Sometimes when a new kid comes in, he looks at things entirely different, with a different view. I didn't completely understand at the outset why this was occurring this way. Perhaps I might be a victim of just the sure speed of this process, because I didn't really start work on this in earnest until I saw the newspaper advertisement 10 days ago in the newspaper and I saw that as an opportunity to present my interpretation. This is just my view as an individual. I'm running a business. I think there are areas that it can be improved upon. I do believe they've been doing a very good job working with resources that they have.

DEPUTY CHAIRMAN (Mr. Braden): Ms. Lee.

MS. LEE: Thank you, Mr. Smith. I just want you to know that it's fine. We learn and we grow from information that a public representative like yourself or a business operator brings to us. So I have no information to question what you're saying. I'll be asking questions to the government and to anybody else who could help us get to the right problem and get all the information as possible. So you're bringing out something for us to look at, so I just want to ask questions to get more information on the question you're bringing. So I'm not challenging your statement or question or anything like that, but I'm still not clear as to where the problem is. I just want to know...I have one more follow-up question and that is we're not fully aware of how the Liquor Commission and all that revolving fund works, either, but the information you've brought me has raised my interest in this area to look further. To my understanding, how I understand how a revolving fund like this works is they're given a certain amount of money to buy stock, but presumably they're supposed to sell those stocks and replenish that fund so they can get the money to keep going. So I would think that in a fiscal year they would buy a certain amount of liquor and once they sell it to you, should they not collect the money from you and then use that money to buy new stock and keep stocking, and not wait until the year end?

MR. SMITH: Yes.

MS. LEE: So why is it...Is \$6.5 million just not enough to go around, or could it be that they're not collecting money in a timely manner to replenish their stock? Could you give us any insight into that?

DEPUTY CHAIRMAN (Mr. Braden): Thank you. I think you've illustrated a good question, Ms. Lee. Mr. Smith.

MR. SMITH: Six point five million dollars in my view is inadequate. They basically have a crunch point, in my view, being March 31st. Then after March 31st, I believe they're probably given a little bit more flexibility to increase level of stocks.

For Yellowknife, March 31st is a very bad day because there is only two weeks prior to the Mackenzie River going out and then Yellowknife is isolated for three to five weeks. So what happens, starting April 1st the warehouse is replenished with stocks to get enough stocks to allow to about a three to five-week period when there is no truck access to Yellowknife. If the fiscal year end was, say, September 30th, I don't think there would be an issue here because there would be adequate stocks for break-up. But the issue here is that they have to be within the \$6.5 million cap on that particular day, being March 31st, and then there's a rush after that to restock the warehouse.

I also wish to point out that this \$6.5 million cap on the liquor revolving fund is funds that are used for the entire system in the Northwest Territories. So it's just not only stocks that are located here in Yellowknife, but it's also stocks in Fort Smith, Hay River, Norman Wells, Fort Simpson and Inuvik. So this dollar amount of \$6.5 million is the accumulative value of stocks owned by the Liquor Commission for the entire Northwest Territories. I do not know what the particular cap is for the Yellowknife warehouse. That number has never been disclosed to me. I can take a guess, but that would be the

best it would be would be a guess. So the issue that I'm point out here is really more of a timing issue, and that to ensure smooth delivery of product into the Yellowknife market with adequate stocks, I believe that the cap on the liquor revolving fund should be increased to work around the problem that we have on March 31st here.

DEPUTY CHAIRMAN (Mr. Braden): Thank you. Thank you, Mr. Smith, Ms. Lee. Mr. Ramsay.

MR. RAMSAY: Thank you, Mr. Chairman. I'd like to thank Mr. Smith for his presentation. Given the fact that we haven't increased the \$6.5 million since 1988 and the purchasing power, as Mr. Smith mentions in his letter, has increased tremendously, \$6.5 million would buy much more in 1988 than it would today. Today that would equate to about \$10.5 million. So it is a good point and I'm glad that Mr. Smith has brought this issue forward.

The Minister was given a copy of this letter yesterday. We haven't had a chance to talk to him about how exactly we can get this increased. But to me it seems to be pretty straightforward. The cap hasn't been increased since 1988; it's something we should look at. I think we need to have that discussion with the Minister and the departmental staff on how that increase could...what it would look like and what it should be set at in today's dollars. That to me is something that should just happen and hopefully will here soon. Thank you.

DEPUTY CHAIRMAN (Mr. Braden): I didn't hear a question there but, Mr. Smith, any feedback to Mr. Ramsay's comments? You don't have to if there's nothing there for you.

MR. SMITH: Thank you.

DEPUTY CHAIRMAN (Mr. Braden): Okay, thank you, Mr. Smith. I have Mr. Yakeleya.

MR. YAKELEYA: Thank you, Mr. Chair, and thank you, Mr. Smith. Have you contacted the other agencies outside of Yellowknife, in the Wells and Inuvik, in terms of this letter here to see what type of issues they may coincide with you? They may have more information. I just want to know.

DEPUTY CHAIRMAN (Mr. Braden): Thank you, Mr. Yakeleya. Mr. Smith.

MR. SMITH: No, I haven't. In the 10 days since the first ad, in that period of time I had to basically formulate my thoughts. It was a bit of a journey, because when I started I didn't really realize where the problem was but I knew there was a problem. So I started researching the issue. I went to the financial statements and I started looking at it's known as a liquidity ratio. It's a mathematical ratio with a value between current assets and current liabilities. So I started there and I looked at the liquidity ratio of the Liquor Commission and then I compared that ratio to every other commission of Canada, with the exception of Alberta. The reason why Alberta is an exception is that they do not own inventory, but every other commission. So I started there and then I realized that that was not a good analysis. I continued my research and this is where I came upon

the relationship of the liquor revolving fund to the Revolving Funds Act and its relationship to the Liquor Act, and when I saw that then I immediately realized that \$6.5 million, and then I found out the amount of time that had expired when it was first established in 1988. It had quite a bit of buying power versus today. My study of the Liquor Commission's financial statements over the last eight years, it wasn't up until about...Basically it was at privatization of the two Yellowknife stores in 2002. Prior to that, I believe they had adequate working capital. But with the privatization, looking at the growth of sales in the Yellowknife market has been successful, and that has stretched the working capital that they had. So prior to 2002, everything was good. After 2002, it started a trend of increased sales in the Yellowknife market and it started putting pressures on the stocks that they had on hand. It's pressure to the point where it's still working, but what I see into the future is perhaps a crisis. So when I discovered that, I knew I had to bring it out on the table for discussion.

DEPUTY CHAIRMAN (Mr. Braden): Thank you, Mr. Smith. Go ahead.

MR. YAKELEYA: Thank you, Mr. Chairman, and thank you, Mr. Smith, for your work on this issue here. I guess I wanted to ask, in the region that I represent we have a liquor store and we get our resupply either by barge or by winter road. So I think we're different than this region here, so that's why I asked if you had talked with others. That has given some thought to do some follow-up. Thank you. That was very good. Thank you.

DEPUTY CHAIRMAN (Mr. Braden): Related to this, I know you have a couple other things you want to present to us, but if I could ask one question. Your case here I think is a good one for us. We already have a consequential amendment in this act to the revolving fund, so I'd like to think that committee will be taking this to the government to see what they say about it. The impact on your operation, as far as having adequate inventory, is quite clear. I wanted to ask, do you see this difficulty, the seasonal resupply issue, does it really affect the volume of product or the variety of choice that the customer has? Potentially in doing so, is the government foregoing any revenue because it just doesn't have product to sell?

MR. SMITH: They have lost revenue in the past because of stock outs.

DEPUTY CHAIRMAN (Mr. Braden): Any idea sort of percentage wise or...Okay, that might be kind of a degree of analysis that you haven't got.

MR. SMITH: I can only provide numbers through study of my own sales and only with comparison with published numbers in the Liquor Commission report. So I can compare our store with the entire Northwest Territories, but I can't compare my store, say, with Mr. Eggenberger's store or with the Hay River store because I'm not disclosed detailed information like that. So I can only look at my store with the big picture and it's very difficult. The more information I'm giving, the better analysis I can perform on it. But I'm working with limited information.

To answer your question, we have period of stock outs of major products during peak sale seasons. When I compare our sales from years past to what we were expecting to what we achieved, stock outs certainly have affected business.

DEPUTY CHAIRMAN (Mr. Braden): Thanks. I think you've illustrated the point very well and given us something that we can pass on to the department for their analysis. Thank you. You indicated that you had a couple other things that you'd like to present to us, and I appreciate taking that pause so we could deal with this issue now. Go ahead, Mr. Smith.

MR. SMITH: Thank you, Mr. Chairman. In the new proposed act, I'd like to speak to section 36 which relates to delivery of alcoholic beverages in the Northwest Territories. I understand the intent of section 36, but I would like to point out that we have neighbours to the north of us, northeast of us, the territory of Nunavut that used to be part of the Northwest Territories before they split in the year 2000. We have communities that are serviced from Yellowknife, being the communities of Kugluktuk, Cambridge Bay, Taloyoak, Rankin Inlet and Iqaluit. These purchases will typically send us a Nunavut liquor import permit, which we would fill and ship into it. I'd like to suggest that there should be some thought given to how we can do business with our friends and neighbours in Nunavut. As section 36 is now written, it appears to me that Yellowknife being a centre of commerce serving these communities we will lose that ability and our friends and neighbours in Nunavut will bypass Yellowknife and will go to Edmonton for the purchase of their alcoholic beverages by means of their import permit. So I'd like to suggest that some thought should be given to how we can keep in the spirit of section 36, but still allow us to do business with the territory of Nunavut.

ACTING CHAIRMAN (Mr. Braden): Okay, thank you, Mr. Smith. Committee, any questions to that? I guess where you say that section, and there may be others potentially, is it section 44, that also impacts this kind of trade, Mr. Smith? Can you be any more specific about what it is that you see curbing our access to that market?

MR. SMITH: Well, maybe I'm misinterpreting what I'm reading, but it appears to me from the outset is that as a retailer I'm being restricted to only sales within the Northwest Territories. Now I'm not asking or suggesting that I should have the ability to sell, say, into the province of Alberta or B.C. or anywhere into southern Canada, but I'm suggesting that our friends and neighbours in Nunavut are geographically disadvantaged and Yellowknife is the centre of commerce for trade and the supply of goods and services to Nunavut. Yellowknife is the natural place for these purchasers to come and has been historically in the past. Maybe my interpretation is that if the new act is carried forward as written, we would be restricted by law of selling to Nunavut.

ACTING CHAIRMAN (Mr. Braden): Okay, good. I think that's quite straightforward now. The act, as you say, is very specific; only a purchaser in the NWT. Yes, that is certainly something we can take forward. I don't think we need to discuss that one any further. Alright, we're just looking at what the existing act says and it's also consistent with what the new act says. So there may be some variance going on there or maybe interpretation. Tell you what, in the interests of time, I'd like to hear were there any

other issues that you wanted to bring forward to us, Mr. Smith? We'll take that one up, for sure.

MR. SMITH: I'd just like to make two statements, for the record.

ACTING CHAIRMAN (Mr. Braden): Please go ahead.

MR. SMITH: Okay. I believe the new act is fair and balanced. I particularly like the increased emphasis for community control. I believe that the 50 plus one is democracy in action governed by the rule of law; I'm in full support of it. I think to bring this type of increased power to local communities is a good thing and I agree with that; I think it's a good thing.

Finally, for the record, I'd like to make a statement of social responsibility as a retailer and I'll just read this. I'll say that as a liquor retailer located in the capital city of Yellowknife, I have a social responsibility to stock a variety of beverage alcohol from every culture in the world and deliver this product to every ethnic diversity currently living in or visiting Yellowknife. This offers our customers a little taste of home. If you follow this example to the extreme, Yellowknife could develop a reputation of national importance for the variety of product and reputation of supply. This will enhance the business of the Liquor Commission, therefore, creating additional value to the Government of the Northwest Territories.

ACTING CHAIRMAN (Mr. Braden): Thank you, Mr. Smith.

MR. SMITH: I'd like to thank the committee for having the opportunity to speak to you.

ACTING CHAIRMAN (Mr. Braden): Okay.

MR. SMITH: Great.

ACTING CHAIRMAN (Mr. Braden): I see at least one other committee member who would like to follow through with you. Ms. Lee.

MS. LEE: Thank you, Mr. Chairman. Just questions to further understand what you're saying, not to challenge anything. I'm just wondering if you could share with us any difficulties you might have had in finding, not finding but acquiring and selling liquors or stuff that are quite unique in terms of your social responsibility. That's sort of your business mission and you have every right to do that. You want to make products available to you and meet customer satisfaction, but can you share with us any difficulties you might have had that we need to look into?

ACTING CHAIRMAN (Mr. Braden): Thank you, Ms. Lee. Mr. Smith.

MR. SMITH: I think the best way to answer that question is that prior to privatization of the Yellowknife market in 2002, the market within the Northwest Territories was primarily what is called in the retailing sector as a push business, where the Liquor Commission would identify products for sale and push these products to the market. What we've been allowed to do is listen to our customers and go to the other spectrum in the retail market, known as the pull system, where we listen to our customers' needs on it and then we attempt to pull this product from the system. So it's two really different dynamics for a group that has been formally used to a push system to be asked to change their business model to a pull system. It has caused, over the last five years, a

few issues and basically issues I guess of speed on it because we would like to obtain product. We know where the product is located and we would like to buy product, but it's just the speed that we're able to obtain product is not as fast as what we'd like to see it is as a private retailer. We'd like to be responsive to our market and I believe things could be improved in that area.

ACTING CHAIRMAN (Mr. Braden): Thank you, Mr. Smith. Ms. Lee.

MS. LEE: Thank you, and in a way could you give us suggestions as to how that could be improved?

ACTING CHAIRMAN (Mr. Braden): Mr. Smith.

MR. SMITH: I think the best way to possibly address that is to take a further look at the Alberta model, and I know it might be a stretch and maybe perhaps the Northwest Territories, or particularly the Yellowknife market is not ready for it at this time, but I think it is inevitable into the future that to carry the business model as it's been set in Yellowknife with privatization I believe that the Yellowknife liquor warehouse should be privatized and that stocks in the Yellowknife liquor warehouse should be privately owned by the private sector. Now that requires some method of administration for the proper collection of mark-ups due to the Government of the Northwest Territories, but this method of systems has already been established in the province of Alberta by the Alberta Liquor and Gaming Commission. So I think by studying their model, perhaps there might be something that could be learned for the implementation in the Yellowknife market. I'm speaking specifically to the Yellowknife market.

ACTING CHAIRMAN (Mr. Braden): Thank you, Mr. Smith. Ms. Lee.

MS. LEE: Thank you. Short of privatizing Yellowknife's liquor sales market to that extent, could you give us any suggestion as to what specific things we could do, from your point of view, to improve the system we have now?

ACTING CHAIRMAN (Mr. Braden): Mr. Smith.

MR. SMITH: In the short term, I think the best improvement that can be made would be establishment of what I call a product specialist just to serve the Yellowknife market; a specialist that can work with both retailers here in Yellowknife to assist in ordering the product in a more timely fashion. That could be a good interim step.

ACTING CHAIRMAN (Mr. Braden): Thank you, Mr. Smith. Committee, anything else looking at our clock and our commitments to a couple of other presenters? Mr. Yakeleya, one more brief point, please.

MR. YAKELEYA: Thank you, Mr. Chair. The issue I have with the liquor store from my region, Mr. Smith, is that there's huge amounts ordered from the Yellowknife liquor store for the communities in my region, tracking and regulate, somebody can go pick up the form and they can go to the Northern Store, send it in there and then you have it into your store. People who order huge amounts of cases and the impacts in my community from the store either in Yellowknife because most of the orders coming off the flight from Yellowknife, cases come off there and I know that's doing business, but the availability is so easy for my people and it does a lot of damage. I'm not going to get into that right now and that's the biggest contention in terms of how do you work this system here.

The one that I want to talk to you about is the overproof rum and 150 that sometimes comes into my region and gets filtered down through a bootlegging system. It's pretty dangerous. So I guess the government can only do so much in terms of how those dangerous products come into our communities. It's up to the liquor store and you are in a different area. It's almost like volunteering to take it off. I can't say what you can do, but I would ask if the liquor store would look after that and see if that is something they would look at from the smaller communities, because it comes in and they make a lot of money on that.

ACTING CHAIRMAN (Mr. Braden): Thank you, Mr. Yakeleya. You were instrumental in having some restriction put on the quantity that could be purchased at any one time. I forget just what it is, but does it apply equally to mail orders or remote orders as it does to people purchasing in person? Can anybody help us with that? Mr. Smith.

MR. SMITH: I can. I believe a year and a half ago or perhaps two years ago the Minister of Finance issued a restriction on the sales of overproof alcohol. The definition of overproof alcohol would be any spirit with an alcoholic volume of greater than 50 percent. The restriction was basically one bottle per customer per day. Now in the case of, I believe the product that's being referred to is commonly known as either Lamb's Overproof Rum or Bacardi 151 and that particular product contains a volume 75.4 percent alcohol by volume. Now a common carrier like an airline, that is considered a dangerous good and requires dangerous good permits in order to ship that product. Because of that, we have never shipped a single bottle by an airline or a common carrier to any place outside of Yellowknife because of the dangerous goods regulations that are in place right now, because of the cost and the administrative work that has to be done in order to expedite a shipment like that.

ACTING CHAIRMAN (Mr. Braden): Okay thanks, Mr. Smith. Does that answer your question then, Mr. Yakeleya? Okay, thank you. Mr. Pokiak.

MR. POKIAK: Thank you. I'd like to thank Mr. Smith for his presentation today. Earlier you mentioned that social responsibility regarding the stocking of a variety of products in the liquor store there. I'd just like to ask you, I don't know how to put it, but if you turn it around, the social responsibility for the sale of alcohol to individuals and the effects of alcohol that it causes some people in the Territories, I guess my question is do you feel a responsibility on your behalf for affecting people in the Northwest Territories for the sale of the product? Thank you.

ACTING CHAIRMAN (Mr. Braden): Thank you, Mr. Pokiak. Mr. Smith.

MR. SMITH: I didn't quite hear your question at the end, the exact.

ACTING CHAIRMAN (Mr. Braden): Mr. Pokiak, can you please repeat your question?

MR. POKIAK: Thank you. I'm just asking I guess, earlier, like I said, you mentioned the social responsibility as a retailer. You have a responsibility of stocking a variety of products in the liquor store and they could turn it around and say okay, look, in social responsibility, as one of the retailers in the community, I'm just wondering do you have any feel for responsibility for the sale of alcohol for people that are addicted to alcohol in a sense of, you know, it is affecting our people? Thank you.

ACTING CHAIRMAN (Mr. Braden): Mr. Smith, a big, wide open question there. I think when Mr. Smith was talking, the statement that he read was very much a responsibility to the customer who is choosing to purchase a legal product. As a vendor, he has chosen to take that kind of a step. The consequences otherwise, well, Mr. Smith, as you choose to answer or not.

MR. SMITH: Our business is governed by the Liquor Act and all the regulations that accompany the Liquor Act. It's a highly regulated business. We're regulated to the age we sell to; we're regulated to the number of hours of the day we can sell; we're regulated days of the week we can sell; we're regulated on holidays; we're regulated on price. The control of alcohol is a very contentious or politically sensitive issue with a wide range of opinions from a wide range of different parties. I believe the whole purpose of legislation is to try to obtain a balanced approach to address the interests of society as a whole. I think probably the best way I can answer is I am conducting my business according to the laws and regulations that have been set. If any new laws or regulations are adopted, then that is the way I will govern business.

DEPUTY CHAIRMAN (Mr. Braden): Thank you, Mr. Smith. Mr. Pokiak. Thank you so much, Mr. Smith, for your time.

MR. SMITH: You're welcome.

DEPUTY CHAIRMAN (Mr. Braden): Thank you for your contribution. I think you've given us some things that could help us, indeed, improve the system and that is the function of this bill. It is largely an administrative and a business piece of law, so we appreciate your input. I appreciate the patience of at least one of the other presenters who is on the page here. Again, thank you, Mr. Smith. Next we have Ms. Sylvia Siemens next.

Thank you, Mrs. Siemens. I think you are familiar with our procedure here. Would you please introduce yourself and go ahead and make a presentation. Would you be prepared to engage in a discussion with committee if we choose? Good. Please, go ahead.

Presentation By Mrs. Sylvia Siemens

MRS. SIEMENS: My name is Sylvia Siemens. I am a parent of teen boys. I have been involved a number of years in youth ministry, working with youth in the Yellowknife area. I come to you this morning in my capacity as a concerned parent.

I look at the Liquor Act and part I of the Liquor Act is very proactive. They have taken the time to increase the role of liquor inspectors to make their job easier to add and allow inspectors to give tickets to increase that scope to ensure that liquor inspectors can go into premises and ensure that the Liquor Act is being enforced, but when you get to part II, the proactive nature of this act is lost. Part II becomes reactive.

Mr. Roland, yesterday in his opening remarks, stated that the new Liquor Act provide strong legislation that protects youth and controls the illegal sale of liquor. I do not

believe that is true unless the lack in part II is addressed. I will illustrate this with a personal story.

In December, my oldest son was 16. I discovered that he had been in the liquor store purchasing alcohol and that he had altered a temporary driver's licence and had used that as ID, but he hadn't used that as ID in every instance because of the six or seven times that he had visited the liquor store, he had only been asked for ID one time. Now, my 16-year-old is of small stature. He is not an old looking 16 year old. He hasn't grown a mustache. He looks young, but he had not been asked by the liquor store to produce ID to verify that he was eligible to purchase alcohol. When I found that out, I went to the liquor store and I spoke to the managers, Mr. Eggenberger and his brother. I said you need to educate your staff. They cannot accept temporary ID as identification of age because of the ease with which it can be altered and colour photocopied, and what are the procedures in place that you are training your staff to ensure that they are asking for identification. He assured me that there was training in place and he said provide me with a photo of your son. I left thinking what's that going to accomplish? I already know my son has messed up and I am dealing with that. So I left it thinking it would be taken care of and dealt with.

Three weeks later, my younger son, who his 15, is given a bottle of vodka that has been procured for him by his 17-year-old friend who has been in the liquor store on more occasions than my son and had never been asked for identification. Then I got angry. I thought this is not right. Who enforces this? Who checks? So I contacted the liquor board because I knew there were inspectors that visited premises and I was under the false assumption that those inspectors also had control over liquor stores, only to find out that is not the case. Inspectors do not have jurisdiction over the liquor stores. I would have to talk to the Liquor Commission. So I contacted Kyle Reid (sic) at the Liquor Commission. I told him what was happening. I asked him what he was going to do about it. He said he would contact the liquor store, speak to them about it and get back to me. He phoned me back and said he had talked to the liquor store and could I provide a photo of my son and his friend to the liquor store. I thought, good grief, maybe I should take in a yearbook and give that to them so they could flip through there and check. If they are not going to ask for identification, then we had better provide them with pictures of every underage drinker in Yellowknife. I told Mr. Reid that was not acceptable. There had to be more in place for dealing with infractions of the Liquor Act by the liquor store.

I was told by Mr. Reid that it was governed by the agreement that they had with the liquor store. I said that is not acceptable. I said the Tobacco Act is better enforced in Yellowknife than our Liquor Act. Extra Foods is more proactive than our liquor stores. When the Tobacco Act introduced in the legislation that the grocery stores could not sell tobacco to people under the age of 16, Extra Foods told their employees if someone does not look over 40, you ask them for identification, because the managers of the grocery store recognized that you cannot look at a young person between the age of 16 and 27 and know how old they are by looking at them. They recognized that and to protect themselves and their employees from the spot checks of the inspectors, they said you ask for identification if that person doesn't look 40 years old. The Tobacco Act

has legislation in place where that store can be fined, that employee can be fined on the spot if they do not check for identification before they sell cigarettes. There is none of that legislation in place in the Northwest Territories with relation to the Liquor Act.

The Liquor Act is reactive. Yes, when I spoke to Mr. Reid and I fired off letters to Mr. Roland and I spoke to Mr. Braden and asked him to raise these issues in the House, they acted. They reacted to my concern and within two weeks, there were signs up in the liquor store and grumblings at the high school that they were having trouble getting liquor. But three months later, last month, again 17-year-olds are walking into the liquor store and not being asked for identification. We cannot expect a business that profits from the sale of alcohol to be self-regulating. The Tobacco Act recognizes that. When they introduced the legislation saying that you could not sell cigarettes to people under 16, they introduced the regulations and the legislation to allow for inspectors to send in a young looking 17-year-old to purchase cigarettes. If they were not asked for identification, they had the teeth in the legislation to issue a fine. We do not have that in our Liquor Act. We cannot purport to say this legislation protects youth until we address the issue that there is no legislation in place for independent monitoring and inspections of liquor store practices. Thank you.

DEPUTY CHAIRMAN (Mr. Braden): Thank you very much, Mrs. Siemens. Yes, I appreciate that you brought this issue forward. I remember working with you on it and talking with you in the Legislative Assembly. I was quite surprised at the very positive way at the speed, almost warp speed, at which the commission responded. As I say, there were notices and there was a marked difference. I am disappointed now to hear you say just three months later it seems that things have slacked off again, but you have illustrated the case and the discrepancy in the bill very well. Ms. Lee.

MS. LEE: I don't know if we set the precedent through this morning responding to questions with answers with commitments, but as a general rule I think we will look at all the points that were brought forward and we will work with the government to see what's going on and make amendments where necessary, make suggestions for including other things into the legislation and such. I just want you to be assured that your points are really well taken and I did appreciate you bringing this forward and making it very clear about your issue. Thank you.

DEPUTY CHAIRMAN (Mr. Braden): Mr. Miltenberger.

MR. MILTENBERGER: Thank you, Mr. Chairman. I just want to thank Mrs. Siemens for her comments and just add that having some constituency in dealing with these two substances makes good sense to me. If clearly we didn't pick it up, thank you for bringing it forward. I would support that kind of...It's already there. We have broken trail on this, we know what can be done. It's just a matter of taking it out of the Tobacco Act and putting in something identical into the Liquor Act. I think it's an oversight that there is still time to correct. Thank you.

DEPUTY CHAIRMAN (Mr. Braden): Thank you, Mr. Miltenberger. I would just ask a technical question of our staff. Does the bill assign a more specific or direct

responsibility for monitoring stores and liquor agents to the commission or the board? Is there any greater degree of management on agents in the new bill? Is there any advance there at all? In the meantime, Mrs. Siemens.

MRS. SIEMENS: Thank you, Mr. Chairman. I would just like to say that my discussions with Kyle Reid indicated that they only respond to concerns that are brought forward. They are not proactive, they are reactive. As a parent, I don't have the energy to make noise every three months to ensure that this remains in the forefront and that things are being changed. So the legislation has to become proactive rather than reactive.

DEPUTY CHAIRMAN (Mr. Braden): Thank you. The response that I am getting from a quick survey is there is nothing new in the act regarding any greater degree of monitoring or management or compliance for agents. Ms. Melhorn, the deputy minister of Finance, told us yesterday that they rely mainly on their contractual agreements. Mrs. Siemens.

MRS. SIEMENS: Obviously a contractual agreement is up for renewal at a certain time and possibly these kinds of reactionary things are taken into account, but that is not immediate enough to be a deterrent to the liquor stores. It needs to be immediate, like the Tobacco Act, where a store can be fined and feel the monetary hit when they do not comply. We have legislation for bootlegging, we have legislation for prosecuting underage minors, but I think the onus lies with the source of where they are getting their alcohol.

DEPUTY CHAIRMAN (Mr. Braden): Alright. Good. Thank you. Thank you very much for coming forward and paying attention to this.

Committee, we have a third witness or presenter this morning and that is Mr. Lorne Power of the Legion. He had asked to come forward but he's not here right now. So time out, unless there is anyone else in the gallery who would care to come forward. Let's take a 10-minute break and come back just before 10:30 and see if Mr. Power or anyone else has joined us.

---ADJOURNMENT